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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058(B)  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3777  
FAX (317) 974-1629

**TO: Counties Performing Non-Binding Review of the Budgets, Rates, and Levies of Other Taxing Units**

**FROM: Courtney L. Schaafsma, Commissioner**

**SUBJECT: Guidelines for Non-Binding Review of Budgets, Rates, and Levies for the 2016 Budget Year**

**DATE: July 30, 2015**

The purpose of this memorandum is to explain the steps county fiscal bodies must take to perform the non-binding review of proposed budgets, rates, and levies as required by IC 6-1.1-17-3.5. Indiana Code 6-1.1-17-3.5 requires taxing units whose governing bodies are comprised of a majority of elected individuals to undergo a non-binding review of their proposed budgets, rates, and levies for the ensuing year (IC 6-1.1-17-3.5 does not apply to units subject to binding adoption under IC 6-1.1-17-20 or 20.3 or Unigov units subject to IC 36-3-6-9).

NOTE: To avoid confusion, the county fiscal body will be called the “County” in this document. A taxing unit subject to non-binding review will be called a “Unit” in this document.

## **Submission to the County**

A Unit, other than a county, must submit its proposed rates and levies to the County for non-binding review by September 1. Units other than school corporations must include their proposed budgets with this submission. This must be done on Gateway using the County Council Review Worksheet (see the County Council Review Worksheet user guide for more specific instructions).

## **Review by the County**

1. The County must complete the non-binding review on or before October 1 by doing the following:
  - (a.) Reviewing any proposed or estimated tax rate or tax levy filed by a Unit with the County.
  - (b.) In the case of a Unit other than a school corporation, reviewing any proposed or estimated budget filed by the Unit with the County.
  - (c.) In the case of a Unit other than a school corporation, issuing a non-binding recommendation to the Unit regarding the Unit’s proposed or estimated budget, rate, or levy.
2. The County’s recommendation must include a comparison of any increase in the Unit’s budget or levy to:

- (a.) the average increase in Indiana nonfarm personal income for the preceding six calendar years and the average increase in nonfarm personal income for the county for the preceding six calendar years; and
- (b.) increases in the budgets and levies of other taxing units in the county.

The Department of Local Government Finance (“Department”) must provide each County with the most recent available information concerning increases in Indiana nonfarm personal income and increases in county nonfarm personal income.

For the County’s review of school corporations, the County should ensure that its review is documented in the minutes of the County’s meeting when the review is completed. Since no recommendation is required, the Department will rely on the minutes of the meeting to verify that the County met its review requirement as it pertains to school corporations.

### **Budget Adoption following County Review**

Units subject to non-binding review must follow the applicable procedures for adopting their budgets, rates, and levies (see the Department’s memorandum on this topic for more specific instructions).

NOTE: For non-school units, the budgets, rates, and levies should not be adopted until after the County has performed its review and issued its non-binding recommendation.

### **Penalties**

1. If a Unit fails to timely file the required materials with the County, the most recent annual appropriations and annual levy of that Unit are continued for the ensuing budget year.
2. If a County fails to timely complete its non-binding review and recommendation for any applicable Unit, the most recent annual appropriations and annual levy of the county are continued for the ensuing budget year.

### **Pilot Program**

The County and Units in counties participating in the Department’s pilot program on non-binding review should follow the more specific directions provided on the pilot program process and its impact on the non-binding review process.